



Health Care Spending Account

This worksheet will help you (a) identify your expenses that are eligible for reimbursement, and (b) determine whether and how much to contribute to the Health Care Spending Account.

Neither we, as your employer or WageWorks, formerly Creative Benefits can provide legal or tax advice. Such advice can be provided by a professional tax advisor.

Remember, if you contribute more than you use, federal law requires that the unused amount be forfeited. But, if your eligible expenses for the year far exceed your contribution to the plan, you will not be taking advantage of the potential tax savings. Plan carefully. **For best results, please use the Tax Savings Calculator on our administrator's website.**

Web: www.creativebenefits.com
Office: 956 Vale Terrace Dr, Vista, CA 92084
Mail: PO Box 1928 Vista, CA 92085-1928
Phone: 888.295.5656
Fax: 888.295.5757

Estimating Your Out-of-Pocket Costs for Health Care

Deciding how much to contribute to this plan can be a profitable exercise since the tax savings can be substantial. The Spending Account is an excellent way for you to pay for known expenses with pretax dollars.

1. You will need to estimate your out-of-pocket expenses for the Plan Year. Looking at the expenses you have had over the past few years will give you a good indication of what your expenses might be for the new Plan Year.

- ▶ Consider payments toward your deductible or office visit copay, include travel to appointments*, etc. \$ _____
 - ▶ Include your cost for routine visits to your family doctors, dentists or other health care providers. \$ _____
 - ▶ If you have predictable expenses for prescribed medications, contact lens solutions, chiropractic visits or other routine care, add those to the total. Over-the-counter drugs, medications and supplies may also be eligible for reimbursement. \$ _____
 - ▶ Review your checkbook or credit statements for health care expenses you have had. \$ _____
- *(Check our administrator's website for the current mileage reimbursement per mile rate for medical expenses incurred.) Total \$ _____

2. Consider how any changes in your situation may affect your estimates for next year. If you expect that you will only have regular doctor's visits, use the deductible as a guide for your out-of-pocket expenses.

3. Refer to the "Eligible Expenses" list in the newsletter for suggestions of expenses you might incur that are not covered by the medical, dental or vision plan, but that can be reimbursed.

See the Tax Savings!

Assumptions: Annual Salary of \$30,000 / 24 pay checks \$1,250, HCSA Annual Election of \$1,000

	Without HCSA	With HCSA
Gross Amount per paycheck	\$1,250.00	\$1,250.00
HCSA Deduction	-	(\$41.67)
Gross Minus Deduction	\$1,250.00	\$1,208.33
HCSA Expenses (paid without an HCSA)	(\$41.67)	-
Federal Income Tax Rate + FICA (25%)	(\$312.50)	(\$301.08)
Net Income per paycheck	\$895.83	\$907.25
24 paychecks	\$21,499.92	\$21,774.00

To take the health care tax deduction on your annual tax return, your out-of-pocket expenses must exceed 7.5 percent of your total income before they qualify. In the above example, you would need qualified health care expenses in excess of \$2,250 to receive the deduction.